

CHAPTER 453

(Senate Bill 505)

AN ACT concerning

Maryland Fair Distributorship Act

FOR the purpose of establishing the Maryland Fair Distributorship Act; requiring a grantor of a wholesale distributorship that cancels a distributorship prior to the natural expiration of its term or fails to renew the distributorship to provide the distributor with a certain notice under certain circumstances; providing that a distributor has an option to cure the deficiencies that caused the cancellation or nonrenewal under certain circumstances; requiring that a grantor of a wholesale distributorship to has the right to, and must at the option of the distributor, repurchase certain merchandise sold to a distributor under certain circumstances; providing for mandatory arbitration of certain disputes; providing for certain exemptions from this Act; providing for the applicability of this Act; making the provisions of this Act severable; defining certain terms; and generally relating to wholesale distributorships.

BY adding to

Article – Commercial Law

Section 11-1301 through 11-1306, inclusive, to be under the new subtitle “Subtitle 13. Maryland Fair Distributorship Act”

Annotated Code of Maryland

(1990 Replacement Volume and 1992 Supplement)

Preamble

WHEREAS, The wholesale distribution industry is a significant and essential segment of the Maryland economy;

WHEREAS, More than 5,000 wholesale distributor establishments in Maryland employ in excess of 100,000 individuals and serve all areas of this State and the region;

WHEREAS, The Baltimore–Washington–Annapolis metropolitan area is ranked as one of the top economic regions in the Nation in terms of purchasing power and overall consumption, and the wholesale distribution industry has been a strong, healthy, and efficient component of this economic success;

WHEREAS, Wholesale distributors do not manufacture the goods and products they distribute but rather are granted rights to distribute goods and products by grantors/manufacturers;

WHEREAS, Wholesale distributors have contributed to the strength of this economy by making substantial investments in high technology distribution centers, purchasing and maintaining distribution fleets, marketing and promoting the sale of